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## *Shut Them Down Before They Start ...*

### By Alexander Cockburn

We regard it as a safe bet that if asked to write the agenda for the Democrats, you, CounterPunch readers, would lead off with: pull out of Iraq; repeal last year's Military Commissions Act and the Patriot Act; end warrantless wire taps, in fact, end wire taps period; restore the Bill of Rights. None of these figures in Pelosi's First Hundred Hours agenda.

Bad enough. But who's pushing the Democratic leadership to do better? Jonathan Tasini challenged Hillary Clinton in the New York senatorial primary. We're looking at his ten top Must-Do list for the Democrats. His "bold" program leads off with universal health care, lower energy costs, free wi-fi for all. The war and the Constitution don't feature on his list.

Here's Debra Sweet, national director of World Can't Wait. "We'll give them a couple of months or a few weeks to see what they come up with" A couple of months? Why wait?

Dennis Kucinich? Try to figure which side of his mouth he's talking through with this one: "We cannot let this war be lost. We cannot abandon the troops in the field to temporizing."

Ralph Neas, head of People for the American Way, says he hopes this Congress won't be a disappointment. "On the other hand, there is a lot of pragmatism as we go into the 2008 election season."

"Pragmatism"? Wasn't that the label on the Clinton health plan of 1993? We don't need pragmatism, aka crackpot realism. We need Democrats who will do what the voters on November 7 said they should do. Shut the war down, by shutting the money down, same way Cindy Sheehan shut down Rahm Emanuel on January 3 because he wouldn't talk about the war. It's simple. CP

## Mall Versus Mosque in the War on Terror

# How Islamic Charity Works

### By R. T. Naylor

Usama bin Laden, according to a top level "independent" task force of political hacks and self-appointed experts in "clandestine finance" set up by the Council on Foreign Relations, worked his monetary magic with the usual tools of clandestine finance – cash couriers, shell companies, coded bank accounts, and the like. He also employed the notorious hawala system, a supposedly ultra-secret method of sneaking money around the world which in fact sometimes operates openly with witnesses, provides written receipts and in some countries even has its service charges printed in local newspapers. The Task Force was unable to specify a single instance of Usama's use of hawala. And allegedly he had yet another trick up the sleeves of his loose-fitting burnoose.

Over the previous two or three decades, Islamic charitable foundations (along with Islamic banks and investment companies) had spread widely. They could, so the story went, raise money in wealthy places like the Gulf or the U.S., then move it to finance terrorist outrages while pretending to bring succor to teary war widows and doe-eyed orphans. Most money moving through such charities was of anonymous origin.

That was grounds for serious suspicion. After all, what decent American would contribute a large sum to a charity unless they got a public accolade and a fat tax write-off? While an attack on hawala merely closed a terror-dollar channel, an assault on Islamic charities could also stop actual fundraising. It could also insult the core religious beliefs of 1.3 billion Muslims, but that was just more collateral damage.

Although popular bigotry and political opportunism certainly play a role, part of the West's confusion over Islamic charities arises because the Qur'an supports an economic ideology very different from the canons of savage capitalism so beloved of today's bond brokers and televangelists. Islamic ethic imposes on Muslims as their primary duty the creation of a just society that treats the poor with respect. It favors equity over economic hierarchy, cooperation over unscrupulous competition, and charitable redistribution over selfish accumulation. In effect, the Qur'an was an early blueprint for the welfare state.

The most fundamental premise of that ethic is that economic activity is inseparable from spiritual. The ultimate purpose of life is the ibada of Allah. More than simply worship, this implies total submission to God in all aspects of life, including the economic. Where God and the market disagree, the market must give way.

Therefore, private property rights are not absolute. Ultimately all material things are gifts from Allah over which humans (individually or sometimes collectively) only have trusteeship. This makes it easier for a state authority, acting nominally on Islamic principles, to set limits on what a person can do with economic assets without invoking the protests common in the West against interference with the divine right of property. Islamic thought also makes a distinction between direct gifts from God and things that owe their existence mainly to human intervention. The first are common property. The Qur'an so specifies water, pasture, and fire (i.e., wood and forest resources). Some clerics add certain types of mines – like

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petroleum wells.

Since wealth and resources are bequeathed to humanity in trust, people are expected to exploit them for economic gain; but they cannot waste or destroy; and anything they earn is to be used for God's work. That requires donating to the mosque and to the general defense of the umma and relieving the economic hardship of others.

Obviously, this egalitarianism is far from perfect in practice. Apart from the frequent economic subordination of women (something, of course, totally alien in the Christian world), it is a fair criticism that some Muslim countries condoned slavery until fairly recently. Indeed, one finance minister of Saudi Arabia in the 1950s had been a slave by birth. Leaving aside the fact that in Islamic countries slavery was more often a form of bonded personal service than a mode of organizing labor for economic profit, and that Islam made a virtue of freeing a slave, if the West is so socially advanced, it is curious that there has never been a black secretary of the Treasury in the U.S.A. or, for that matter, a non-white minister of finance in any major European country to this day, several generations after slavery was abolished. Whatever the social failings of places where Islam is predominant, the Qur'an makes clear that the umma is defined by faith alone, with no reference to race or nationality; and Islamic doctrines with their stress on cooperation and equality to achieve falah (the welfare of humanity) are less compatible with economic servitude (in both historical and modern forms) than the grab-and-run ideology now rampant in "advanced" countries, with the enthusiastic endorsement of modern "fundamentalist" Christianity.

There are several instruments used to turn Islamic economic philosophy into practical action. These include: restrictions on how business enterprises are structured; a ban on fraudulent practices; condemnation of gains from pure speculation; and, to aid circulation of wealth, injunctions against hoarding in the hands of a few. None would likely earn plaudits on the editorial page of the *Wall Street Journal*. A prohibition on trading in produce before crops are ready for harvest would spell ruin to the Chicago commodities exchange; a demand that employers pay decent wages promptly would hardly be appreciated by today's vulture capitalists who count on rolling back wages and looting employee pension funds to finance acquisitions; and provisions for the intergenerational dispersion of wealth could mean the end of the great family trusts in the U.S.A. that ensure perpetuation of dynastic control without the nuisance of taxes.

All of these instruments are important. But two others are central to implement an Islamic vision of economic society. One provided the impetus for the rapid growth of Islamic banks and investment funds; the other led to a worldwide expansion of Islamic charities.

## In whose interest?

The first of these fundamental instruments of Islamic economics is the ban on riba – literally an "increase" in the sum needed to repay a loan. Some jurists argue that it only forbids the pre-Islamic practice of doubling an overdue sum, which sometimes led to enslavement of the debtor. Some contend that it bans "excessively high" rates of interest. Some claim that it prohibits outright all interest payments. Even then there are dispensations. In the past, some schools of Islamic jurisprudence permitted certain tricks to disguise interest payments that were imported directly, sometimes with their Arabic names, into Europe when evasion of the similar Catholic ban on collecting interest became widespread during the Renaissance.

There are many good reasons to prohibit at least oppressive rates of interest, as low-income groups in the West today can attest. Well before Islam, societies learned that to avoid famine, economic collapse, and social upheaval, they had to ban the unrestricted accumulation of assets by an elite through the progressive indebting of most of the population. Hence secular and/or religious authorities would periodically cancel debts and redistribute agricultural land (previously lost through unrepayable debts) back to landless laborers.

With the advent of Islam, arguments against usury became more sophisticated. Unlike trade, which involves an exchange of value, with usury the flow is one way. Usury thus violates the core principle that Allah created wealth for the general benefit. Usury also increases economic inequality, potentially robbing the debtor of dignity and of the means of subsistence, to the advantage of a creditor who does nothing socially useful to justify that income. In Islam, the only rationalization for inequality of wealth is that those with more aid those with less. That does not mean debts go unpaid. While the well-to-do are expected to make interest-free loans to the not-so-fortunate, those who borrow are expected to repay promptly. However, if someone is unable to repay because of circumstances beyond their control, the creditor is expected to grant more time or, if the debtor's condition is particularly serious, write off the debt. Such a prescription for pious behavior is likely to send shudders up and down the spines of the directors of Citibank or Chase Manhattan as well as to invoke the ire of the International Monetary Fund.

Today, too, there are exceptions. In Egypt, for example, in a fatwa contested by Islamic courts elsewhere, the Grand Mufti of al-Azhar authorized payment of fixed interest rates on savings accounts. Some saw that as just another example of al-Azhar acting as a mouthpiece of the state. Others argued that since the depositor willingly turned over the money to the bank, depositor and bank were partners in an investment, not engaged in a usurious transaction. Similarly some ulema in the Gulf states endorsed the practice by which the area's banks receive interest when they make deposits in international banks while refusing to pay it to depositors back home. However, those clerics usually insist that

(**Charity** *continued on page 4*)

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# Dollar Dethroned By Red Ink

**By Paul Craig Roberts**

Will Congress allow President Bush to waste another year on his Iraq misadventure while serious problems overwhelm the United States?

During 2006, while the U.S. government focused on the deteriorating situation in Iraq, the U.S. dollar declined sharply against many currencies. By December, China's central bank was expressing its concern that the massive U.S. trade deficit could lead to a run on the dollar and to an international financial crisis.

Since World War II the U.S. dollar has been the world's reserve currency, the currency in which oil is billed and international trade accounts are settled.

The low U.S. saving rate means that Washington's budget deficits must be financed by foreign lenders, who are awash in U.S. Treasury bonds.

***First, Iran announced that it will cease to use the U.S. dollar as reserve currency. Then United Arab Emirates, a close U.S. ally, announced that the weakening dollar has caused its central bank to move some of its foreign exchange reserves from dollars to euros.***

The massive trade deficit means that foreigners acquire U.S. assets as payment for U.S. consumption of goods made abroad.

Foreigners are worried about their large dollar holdings, because there is no indication that the U.S.A. can reduce its deficits. The war against Iraq has run up the U.S. budget deficit, and the practice of U.S. corporations of producing offshore for their U.S. markets has increased the trade deficit. Every time an American company moves its production abroad, domestic output is turned into imports. China has indicated that it will continue to accumulate dollars, but at a slower rate by trading some of the dollars for other currencies.

On December 18, Iran announced that it will cease to use the U.S. dollar as reserve currency. On December 28 United Arab Emirates, a close U.S. ally, announced that the weakening U.S. dollar has caused its central bank to move some of its foreign exchange reserves from dollars to euros.

The decisions of foreign central banks to reduce the rate at which they acquire dollars implies higher U.S. interest rates at a time when the U.S. economy is slowing, making it difficult for the Federal Reserve to ease monetary policy and more expensive for the U.S.A. to borrow.

If foreigners take the next step and begin dumping their dollar holdings, there is nothing the U.S. government can do to avert the catastrophe. Washington must take steps before it is too late.

The only timely solution is to reduce the U.S. budget deficit. This requires Congress to cut spending or raise taxes or both. Raising taxes on a weakening economy is not a good idea. As entitlements make up most of nondefense spending, the easiest step for Congress to take is to stop funding Bush's pointless war. With less red ink to be financed, there would be less pressure on the dollar.

It is possible that Washington has waited too long to address the dollar problem. If 2007 brings recession to the U.S., the rise in the budget deficit from the loss of tax revenues could offset deficit reduction achieved by ending the war.

Many economists offer false solutions. We hear, for example, that a weaker dollar will lead to more exports and a reduction in the U.S. trade deficit. This "solution" overlooks the impact of offshoring. With so many U.S. brand name manufactures now produced offshore, there is less for the U.S.A. to export. Some economists still believe that the gap can be filled by the export of services, but offshoring has also taken its toll on professional services. The U.S.A. cannot simultaneously offshore the production of goods and services and reduce its trade deficit.

Other economists still think that the Federal Reserve can rescue the dollar by raising interest rates, thus making U.S. Treasury bonds more attractive to foreigners. However, the U.S. economy shows many signs of weakening. By stifling growth or provoking recession, higher interest rates can simply generate more red ink that must be financed by foreign borrowing, thus increasing the pressure on the dollar.

The U.S.A. cannot afford the Iraq war, and it cannot afford the distraction from the serious economic problems that a war-obsessed government has permitted to accumulate. Offshoring is destroying the ladders of upward mobility that made America an opportunity society.

Economists, in their commitment to offshoring, offer "solutions" that conceal offshoring's real impact on Americans. For example, we are told that education is the solution to "America's competitiveness problem." People who advance the education solution are obviously unfamiliar with the character of U.S. job growth in the 21st century and with the Bureau of Labor Statistics' predictions of the areas of job growth over the next decade.

The problem America faces is not a lack of educated people, but a lack of jobs for educated people. In the 21st century, the U.S. economy has been able to create net new jobs only in domestic services, such as waitresses, bartenders, and health and social services. The vast majority of these jobs do not require a college education, and they do not produce tradable goods and services that could be exported or substituted for imports. Income inequality is worsening as CEO pay soars while median income stagnates.

This new year will be the fifth year that the American people will have let President Bush commit their country to an illegitimate war that cannot be won. Will the U.S. extract itself from Bush's misadventure and address its real problems, or will the dollar's decline bring new economic hardships? CP

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(**Charity** *continued from page 2*)
any profits be used for charitable work; It is one reason why major banks in Islamic countries are big contributors to Islamic charities.

Despite these dispensations, all forms of interest are, at a minimum, contentious. Hence the spread of financial institutions offering interest-free facilities. Their operations are often "supervised" by a shari'a committee on which sit religious scholars of various degrees of credibility, gullibility, or complicity. Some have been notorious scams – in Egypt, for example, during the late 1980s and early 1990s "Islamic investment companies" headed by bearded, Qur'an-quoting conmen turned into schemes to steal money from expatriate workers. When the system crashed in scandal, costing depositors (except, reputedly, those high in government) enormous sums, the state took the opportunity to "reform" the financial system – it eliminated exchange controls, put informal (Islamic) bankers out of business, and absorbed remittances from the Gulf into the official financial system, where they could be used not to finance mosques or street-level social services but for purposes like paying interest on Egypt's burgeoning international debt.

Most Islamic banks are quite legitimate. Their basic rule is that they receive not interest but part of the profits of businesses in which they place money, then share those profits with depositors. Similarly, Islamic investment funds avoid putting money into fixed-interest debt and shun anything that encourages haram activity like speculation, hoarding, gambling, sexploitation, or use of intoxicants. In that sense they are not much different from ethical-investment funds now operating in the West.

The spread of Islamic institutions was well advanced before 9/11, albeit governments took quite different views. Some (Sudan, Pakistan, and Iran) attempted to Islamize their entire financial systems; some (especially in the Gulf) encouraged Islamic institutions alongside Western-style ones; some (like Egypt and Indonesia) took a more laissez-faire attitude; while some (including, remarkably, Saudi Arabia) actively opposed Islamization of finance. Then came the story that Al Shamal Bank in the Sudan had been set up with $50 million from Usama bin Laden. The start-up capital was actually $20 million, and it was posted by a group of wealthy Saudis attracted by the Islamic credentials of the Sudanese regime. True, bin Laden, like many others, had accounts at the bank; but no one has traced a penny to any act of terrorism. Along with tales about Al Shamal came the story that one of Usama's "relatives" sat on the board of Al Faisal Islamic Bank.

These allegations were sufficient to paint the entire sector with the "financing of terrorism" brush, undoubtedly to the delight of certain U.K. and U.S. banks trying to market their own versions of shari'a-compatible investment services to wealthy clients in the Gulf. Across the world, major banks slapped freezes on Al Shamal's assets and scrambled to apologize for any business relationship with it; while a few Islamic institutions, facing potential depositor runs, tried to protect their business by threatening newspapers with lawsuits. Islamic investment companies, too, were hit by the aftershocks. One of Geneva's oldest and most prestigious private banks, Pictet et Cie, operated out of Luxembourg three Islamic investment funds for Middle East clients, one of whom was a Saudi conglomerate called Dallah Al Baraka Group.

***Part of the West's confusion over Islamic charities arises because the Qur'an supports an economic ideology very different from the canons of savage capitalism so beloved of today's bond brokers and televangelists.***

Luxembourg's central bank jumped to the conclusion that it was the same Al Barakaat that George W. Bush had labeled "quartermaster of terror." Assets of all three funds were frozen, although a glance at Dallah Al Baraka's website would have revealed that the operating philosophy of its founder ("I dream of an area dedicated to financial institutions, clean industries, tourism, open to the world") seemed to have little in common with rants about jihad from radical political Islamists.

The proscription of riba, which prompted the spread of Islamic banks, is probably of less importance than the second major instrument to ensure a fair distribution of income and wealth, the requirement of sadaqa – charitable giving. In some ways the ban on riba is simply a refinement of sadaqa. Usury involves a movement of unearned income from the (by definition poorer) debtor to the (by definition wealthier) creditor; charity implies a movement of financial resources from the well-to-do to the less fortunate. Charity is so central in Islam that the Sunna decrees: "One who works in order to support a widow and destitute is like a mujahid in the path of Allah." By contrast, it is doubtful if any Christian country would honor a draft dodger with its highest military accolade on the grounds that he had contributed most of his salary to the Salvation Army.

The only charitable requirement specified in the Qur'an is the payment of zakat (literally, purification) levied at a 2.5 per cent rate on financial assets in general (usually excluding primary residence and professional tools), a higher rate on land, and highest on idle hordes of treasure. In the past it was usual for the state in Islamic countries to collect zakat. That still occurs in some, but increasingly Islamist activists distrust their governments and demand that the mosque be the fulcrum, or that the movement itself take charge. In some others the money goes to an approved Islamic charity. How zakat is subsequently redistributed also varies – the state, the mosque, or Islamic charities can all participate, with state and mosque in turn often steering contributions through established charitable foundations as well.

Zakat is merely the beginning, not the end of charitable transfers.

The Qur'an is replete with exhortations to give beyond the minimum in expectation of non-financial rewards in the afterlife. In fact spontaneous giving of alms (sadaqat al-tatawwu) confers many times the favor from God than would simply giving the mandatory 2.5 per cent. Furthermore, if the yield from zakat is insufficient for community needs, the authorities can demand more. Shi'a are also required to pay khums, a 20 per

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cent levy on commercial profit. Then there is waqf: best known as a means whereby the wealthy deed property to a mosque, or use their money to build one, perhaps along with low-rent housing units or merchant's shops whose rental payments go to maintain the mosque, it actually has many more functions. The wealth can be cash as well as physical property and can go to a hostel for travelers, to a hospital, or to a college. In fact one of the early acts of European colonizers was to destroy the waqf system – which financed education in Muslim states – as the first step to dismantle Islamic law as a competitor to European commercial and civil codes.

When governments of Muslim countries came under U.S. pressure to monitor charitable foundations, they ran up against the religious requirement that a charitable donation be anonymous – the gift is intended to win favor in the eyes of Allah, not of the neighbors or the IRS. Lack of anonymity detracts from the theological merit of the donation. Therefore, in Muslim countries it is regarded as impolite, to say the least, to poke into the affairs of a charity. And any government sufficiently amenable to U.S. demands to trace charitable flows is unlikely to be trusted not to use the information to monitor the political behavior of its own citizens.

Moreover, few Muslim countries have income taxes. Historically most relied on indirect taxes on commodities; and even that can face opposition from purist clerics who insist that the only levies permitted are religiously sanctioned transfers such as zakat or khums, payable to and through the mosque. Hence those countries lack the apparatus normal in the West to monitor financial transactions. When governments of Muslim states capitulate to U.S. pressure, they do not just change regulations but create new institutions, then try to win public acceptance for radical, some might even suggest sacrilegious, innovations.

On top comes the problem of sheer scale. Most of the world's 1.3 billion Muslims follow (more or less) the principles of charitable giving (or receiving). Taking just the Arab countries, that still means about 300 million people. Hence it is impossible to map fully the sources, movement, and ultimate disposition of donations. The problem the Muslim world faces today is the U.S. ambition to do so.

## Looking a Gift Camel in the Mouth?

Not all Muslim countries were created equal, at least with respect to oil deposits. When Gulf-state revenues exploded in the 1970s, Muslim clergy in poorer countries told their followers that the income belonged to the umma regardless of nationality. Hence hereditary rulers of oil states, painfully aware that the Qur'an questions their political legitimacy, responded by ostentatiously dishing out billions in aid. To this day most money raised by Islamic charities originates in the Gulf. In Saudi Arabia, the 1979 Grand Mosque uprising lent a special urgency to the royal family's efforts to buttress legitimacy at home by building up religious credentials abroad. Private citizens show similar generosity.

During the Bosnian war, a single telethon brought in $120 million in cash, gold, and jewelry. The country now gives away 6 per cent of its GNP each year.

After 9/11, some Saudi-based charities were denounced as bin Laden fronts and put on the U.S. blacklist. Maurice Greenberg of Task Force fame asserted categorically that al-Qa'idah derived "most of its operating funds" (i.e., an undefined proportion of an unknown amount) from Saudi charities. William Wechsler offered his own expert opinion that Saudi Arabia connived in the misuse of charitable funds. (Naturally he repeated that opinion in his capacity as "expert witness" in a trillion-dollar jackpot lawsuit launched by the families of some 9/11 victims against a host of Saudi businessmen and princes, as well as against almost any Islamic institution that had received negative press coverage.) Even those Saudi charities not held directly complicit were depicted as vehicles of state propaganda designed to convert the world's Muslims to "Wahhabbi fundamentalism." By remarkable coincidence, about the same time that stories about Saudi financing of worldwide terror were given wide currency, the Pentagon leaked documents proposing to retaliate by freezing Saudi assets in the U.S.A. (several hundred billion dollars worth) and seizing its oilfields.

Of course, in all such cases it is legitimate to ask just what new piece of intelligence the U.S. authorities stumbled upon in the wake of 9/11 to allow them to make such a determination. Perhaps in this case the answer lay in the success of the U.S.A.'s local allies in the Afghan campaign. Picked up in a sweep of what the Pentagon called "the hardest of the hard" Taliban and al-Qa'idah fighters were twelve Kuwaiti nationals. They were whisked to Guantánamo and held without charge as illegal combatants.

Appeals to the U.S. Supreme Court were rejected – the prison camp, said the Supreme Court, was not part of U.S. sovereign territory (a judgment Fidel Castro was probably happy to hear); hence the court had no jurisdiction and, *ipso facto*, the prisoners had no rights. As it turned out, the dirty dozen were aid workers employed by eight different charities, including the Afghan Support Committee and the Islamic Heritage Revival Society. They had been trapped in Afghanistan when the United States began bombing, were led across the frontier into Pakistan, and taken captive by local tribes who had received from the U.S. forces leaflets offering a reward for Arab suspects. The chiefs then sold the captives – teachers, engineers, agronomists, even a government auditor – to the U.S. forces who asked no questions, until Guantánamo.

While captured late in 2001, not until early 2005 was the first of these "hardest of the hard" allowed to rejoin his family in Kuwait.

Against him the main evidence seems that he had been wearing a Casio watch – which, his captors insisted, terrorists use to time their explosives. Perhaps they do;


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but presumably Casio watches can also be used by New York yuppies to time their soufflés. It is unknown if the watch was returned, frozen as a terrorist asset, or permitted to proudly grace the wrist of a U.S. soldier as war booty.

As the popularity of asset freezes grew, any pretense that they had anything to do with U.S. security receded. Their main role became to reward allies, however temporary the ally or repugnant its behavior.

Apart from those in Pakistan, Saudi charities received the most attention.

The Saudis had pleaded repeatedly that, while they could meticulously follow government funds (mainly from one princely pocket to another), they had no right to supervise charitable donations. But the U.S.A. kept up the pressure; and it had a key ally. After a raid in Gaza, Israel claimed it had seized a document that proved that a senior figure of Palestine's Harakat al-Muqa wama al-Isla miyya (Hamas) at a "fund-raiser" in Riyadh thanked Crown Prince Abdullah for standing firm against U.S. pressures to cut off Saudi support. A copy was given to the White House while another, on Hamas letterhead, was accidentally handed over to the *New York Times* by a "former Israeli official." Of course, the text was in Arabic. But Israeli military intelligence helpfully provided a translation.

However, when the letter was retranslated, it turned out that, rather than being a blueprint of a Saudi-Hamas connection to turn suicide bombers loose on Israeli shopping centers, it was a summary of the impressions of Hamas officials who had attended a Saudi conference on Muslim charities. Nonetheless, it did the job of getting Washington to put more pressure on Saudi officials to block private donations to Hamas. It also neatly shifted the semantic battlefield, putting the onus on the accused to prove they had not make any contribution to Hamas instead of on Israel to stop behaving in ways that gave organizations like Hamas so much popular support.

***Few Muslim countries have income taxes. Most rely on indirect taxes on commodities.***

Finally, in 2004, Saudi Arabia crumbled. It banned cash-donation boxes at mosques – in the future all gifts had to be made by check. This reversal of a long tradition was guaranteed to expose more people to arbitrary probes by law enforcement and intelligence agencies. Saudi Arabia also insisted that all charitable organizations in the kingdom obtain a license from the Ministry of Social Affairs; get approval from the Saudi Arabian Monetary Agency (the central bank) to open bank accounts; apply for permission from the central bank to transfer funds abroad; consolidate transactions into a single account; and stop engaging in business activities to raise money on their own. (It would be a spectacular blow against fiscal fraud in the United States if the U.S. were to do something similar to its own burgeoning "non-profit" institutions.) Simultaneously, Saudi banks were told to cease issuing debit or credit cards on charitable foundation accounts. Not least, Saudi Arabia rolled Al Haramain, along with several other charities, into a new government-run National Commission for Relief and Charity Work Abroad.

The net result was a dramatic drop in charitable donations. While people still contributed the mandatory zakat, the much more important and voluntary sadaqa al-tatuwwu began to dry up. That did nothing to dampen the enthusiasm of either bin Laden or various "jihadists" who neither received nor needed Saudi charity, but it was potentially a heavy blow to the real U.S. target, one specially selected by the U.S.A.'s most important ally in the Middle East. CP

*This story forms the second of two parts we are publishing from R.T. Naylor's highly original and radical work on "*Money, Myth and Misinformation*", now assembled in* Satanic Purses*, being published by McGill-Queen's University Press. Naylor is professor of Economics at McGill.*

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